

BEFORE THE FEDERAL ELECTION COMMISSION

2007-3 PM 12:05

In the Matter of
CELA

Dr. Jose Valdez, Steve Melody, Joan Melody,
Mike Ramseier, Janie Ramseier, and
Rosario Chavez

MUR 5955

GENERAL COUNSEL'S REPORT #2

I. ACTIONS RECOMMENDED:

Take no action with respect to Steve Melody, Joan Melody, Mike

Ramseier, Janie Ramseier, Rosario Chavez, and close the file as to these respondents.

II. BACKGROUND

the Rudy Giuliani Presidential Committee, Inc. ("RGPC")

filed a complaint, asserting that Dr. Jose Valdez, former WellPoint Senior Vice President for Health Care, reimbursed \$11,500 in contributions to RGPC made in the names of WellPoint employees Michael Ramseier, Steve Melody and Rosario Chavez (collectively "employee conduit respondents") and spouses, Janie Ramseier and Joan Melody, with Valdez's personal funds. There is no dispute that Valdez made the reimbursements, that the relevant events occurred while Valdez and the employee conduit respondents were at the Latino Coalition Small Business Conference in Washington, D.C. on May 1, 2007, and that Valdez was a host and authorized fundraiser for an RGPC fundraiser held in the same hotel as the conference.

WellPoint stated that it learned of the reimbursement scheme from an uninvolved employee and conducted an internal investigation. The employee conduit

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1 respondents, each of whom reported directly or indirectly to Valdez, told WellPoint in interviews
2 that prior to going to Washington, D.C., Valdez invited them to attend a closed meeting with
3 Giuliani and have their pictures taken with him. When they arrived at the room where they were
4 to meet Giuliani, Valdez told them that they would have to make contributions to attend the
5 event, that he would reimburse them, and he did so. WellPoint stated that it discharged Valdez
6 as a result of his actions. In their joint response to the complaint, the employee conduit
7 respondents stated more strongly that Valdez "instructed" them to contribute, said that he would
8 personally reimburse them, and told them that it was a permissible arrangement. Each employee
9 conduit respondent acknowledged being reimbursed for their contributions. According to
10 counsel for RGPC, as an authorized fundraising agent, Valdez was required by RGPC to
11 acknowledge in writing that he reviewed materials the campaign provided on campaign finance
12 law, which included a section that made clear that contributions must be made from personal
13 funds. Upon learning of the reimbursement from WellPoint, RGPC returned the reimbursed
14 contributions to the named contributors and conducted its own investigation to ensure that other
15 contributions solicited by Valdez were not reimbursed.

16 Based on the information in the _____, complaint, and responses, the
17 Commission found reason to believe that Dr. Valdez knowingly and willfully violated 2 U.S.C.
18 §§ 441f and 441a(a). Although Valdez admitted he reimbursed contributions to RGPC in his
19 response to the complaint, he did not address the source of the funds used, his knowledge of the
20 legality of his actions, or any other circumstances surrounding the reimbursements, including
21 what he told his subordinates and the delivery of the reimbursements by others. Because we
22 needed further factual information to develop Valdez's version of events, _____

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the Commission

authorized an investigation.

III. DISCUSSION

Valdez submitted information in response to the reason to believe notification admitting that he reimbursed the employee conduit respondents and spouses for their contributions and that he was generally aware of contribution limits. He maintained, however, that he did not personally solicit the contributions nor did he promise reimbursement, but that Kenny Deng, a subordinate WellPoint employee, asked the employee conduit respondents to contribute and promised them that Valdez would reimburse them. Because Valdez's account of the events differed significantly from the information provided in the _____ complaint, and the employee conduits' response, we conducted telephone interviews with the employee conduit respondents, Kenny Deng, who is not a respondent, and Valdez. As described in more detail below, the employee conduit respondents and Deng each stated that Valdez was personally involved in soliciting and promising reimbursement of the contributions. Valdez continued to maintain that he was not involved. We also contacted RGPC for further clarification of what Valdez would have known and received as an authorized fundraiser, and RGPC provided us with a document given to all authorized fundraisers and Valdez's donor card, both of which contain the contribution limits and state that contributions must be made with personal funds.

Because Valdez was an authorized RGPC fundraiser who admitted to generally understating the contribution limits and to reimbursing the contributions in issue after learning that RGPC would require personal contributions from each attendee, and because his version of events is not corroborated, _____

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3 We further recommend, in accordance with past practice, that the Commission take no
4 action as to the employee conduit respondents and spouses, and close the file as to them.

5 **A. Valdez Response to the Reason to Believe Finding**

6 In response to the reason to believe notification and the Factual and Legal Analysis,
7 Valdez admitted reimbursing the employee conduit respondents and spouses, that he was an
8 authorized RGPC fundraiser, and that he was generally aware of individual contribution limits.
9 However, he maintained that the following statement in the Factual and Legal Analysis was
10 factually incorrect: "Dr. Valdez informed the employees that they were required to contribute
11 \$2,300 in order to attend the event. All three [Ramseier, Melody and Chavez] initially refused
12 and protested that they did not want to contribute, but did so after Dr. Valdez said he would
13 personally reimburse them and it was permissible to have their names used to make the
14 contributions." Factual and Legal Analysis at 2; Response at 1. Rather, according to Valdez,
15 shortly before the Giuliani fundraiser began, Valdez went to his hotel room because he was ill.
16 Response at 1. When he returned just before the event was about to occur, Kenny Deng,
17 WellPoint's former Director of Strategic Support, who was also attending the conference,
18 informed Valdez that RGPC would not accept one contribution check on behalf of Valdez and
19 the WellPoint employees, and that each attendee would be required to make an individual
20 contribution. *Id.* at 2. According to Valdez, Deng told Valdez that he had "taken care of it" by
21 directing the employee conduit respondents to make the required contributions and promising
22 them that Valdez would reimburse them later that day. *Id.*

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1 Valdez further admitted in his response that he issued personal checks to Ramseier and
2 Melody of \$4,600 each for their and their spouses' contributions. *Id.* He gave them to his friend,
3 Dr. Pedram Salimpour, to give to Ramseier and Melody, as Salimpour was expected to see them
4 at a dinner function later that evening that Valdez was not scheduled to attend. *Id.* Valdez
5 placed \$2,300 of his personal funds into an envelope, gave it to Deng, informed Deng of its
6 contents, and asked him to give it to Chavez at the dinner function. *Id.* Valdez maintained that
7 he did not make reimbursements to anyone other than Ramseier and his wife, Melody and his
8 wife, and Chavez. *Id.*

9 In his response, Valdez also stated that he recalled receiving his solicitor number from
10 the RGPC prior to the Giuliani event, but he could not recall receiving any materials from the
11 RGPC on campaign finance law, or acknowledging in writing that he had received or reviewed
12 such materials. *Id.* At the time of the event, according to Valdez, he had had received no
13 training or education concerning federal campaign finance laws. *Id.* He possessed a "general
14 understanding" that he and his spouse were allowed to contribute \$2,300 each to both the
15 primary and general elections, but believed the amount of the contribution could exceed the
16 \$2,300 limit when made by a company or political action committee. *Id.*

17 **B. The Investigation**

18 The interview statements of Kenny Deng, the three employee conduit respondents and
19 Valdez further develop the circumstances leading up to the reimbursements, but do not fully
20 resolve the inconsistent accounts of the events. As set forth below, in contrast to Valdez's
21 statements in both his response and interview, Deng did not recall speaking to any of the other
22 WellPoint employees directly about making a contribution, and stated that he did not speak to
23 any of them about being reimbursed. Further, Deng stated that Valdez also solicited him for a

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1 contribution and reimbursed him. All three employee conduit respondents recalled that both
2 Valdez and Deng played significant roles in the solicitation and reimbursements.

3 In our telephone interview with Kenny Deng, he stated that Valdez, who was his direct
4 supervisor, approached him at a lunch break at the conference and told him that RGPC would not
5 allow Valdez to personally make a large contribution. Deng did not remember the amount
6 Valdez wanted to contribute, but he knew it was over the limit. Valdez asked Deng to make a
7 contribution using his name, and promised to reimburse him. Deng said he agreed to make the
8 contribution because he looked at it as a simple favor to his supervisor, and he had no knowledge
9 of campaign finance law. Valdez gave him a form to fill out his credit card information. Deng
10 informed us that when he later received his credit card statement, his card was never charged and
11 therefore he did not actually make a contribution to RGPC. Although Deng maintained that he
12 does not remember speaking to any of the other WellPoint employees directly about making a
13 contribution, he recalled that Ramseier was hesitant about making a contribution, which Deng
14 said surprised him since the request had come from Valdez, their supervisor.

15 In his telephone interview, Mike Ramseier stated that his direct supervisor, Valdez, asked
16 him if he wanted to meet Giuliani, and Ramseier said that he did. Valdez did not tell Ramseier
17 beforehand that he would need to make a contribution in order to meet Giuliani. When Ramseier
18 was outside the door where the Giuliani event was being held, Kenny Deng approached him and
19 asked him to contribute to RGPC. Ramseier stated that he told Deng that he would not make a
20 contribution because it was not an expenditure he wanted to make without consulting his wife.
21 Within minutes of Ramseier saying no to Deng, Valdez pulled Ramseier aside. Valdez told
22 Ramseier that he, Valdez, had a goal to meet, and asked Ramseier to make a contribution.
23 Ramseier refused again because he was not comfortable with making a contribution. Valdez told

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1 him that he really needed his help and if he made the contribution, Valdez would pay him back.
2 Valdez also asked Ramseier to make a contribution on behalf of his wife. According to
3 Ramseier, he finally made the contributions because he trusted Valdez and thought Valdez had
4 worked on campaigns before. He was not aware he was doing anything illegal by making the
5 contributions and receiving reimbursement from Valdez. Ramseier filled out the form and
6 signed it on behalf of himself and his wife at a table, with Valdez looking over his shoulder.

7 Steve Melody stated in his interview that prior to the conference, Valdez, his direct
8 supervisor, mentioned there would be an opportunity to meet Giuliani. Sometime before noon
9 on the day of the RGPC event, he and Mike Ramseier were requested to step out of the
10 conference to talk to Valdez. Once outside of the conference, they were approached by Valdez
11 and Deng. Deng asked Melody to make a contribution in order to meet Giuliani, advising him
12 that Valdez needed him to make this contribution. He was walked over to a table, where he was
13 presented with a form. Valdez assured him that he should fill out the form, write a check, and
14 "all would be okay." The form already had his name, Valdez's name, and the amount of the
15 contribution on it, and Melody filled out the remainder of the form. Valdez promised to
16 reimburse him. Melody remembered being anxious and apprehensive about the reimbursement
17 but couldn't recall exactly what he said to Valdez. He remembered being surprised that Valdez
18 asked him to make the contribution, and uncomfortable with the urgency of the matter, but made
19 the contribution because he trusted Valdez. He did not have a check so he paid with his credit
20 card.

21 Finally, Rosario Chavez, who reported directly to Kenny Deng, stated in her interview
22 that after the morning conference speakers, she was in the hallway outside the room where the
23 Giuliani event was to be held with the other WellPoint employees. Valdez asked her if she

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1 wanted to meet Rudy Giuliani, and she said that she did. Before going into the room, Valdez
2 told her that she would have to make a contribution to the campaign by filling out a form that
3 included her credit card number and that he would reimburse her. Before that point she had not
4 been aware that the event was a fundraiser. She asked Deng if it was okay to do as Valdez
5 asked, and he told her it was. She remembered filling out the form which already had her name
6 at the top, and Valdez's name at the bottom. Ramseier and Melody were there as well, and she
7 remembered hearing Ramseier protest that he did not want to make the contribution. She recalls
8 Valdez assuring the group that it was permissible for them to make the contributions and receive
9 reimbursement from him.

10 With respect to the receipt of reimbursements, Ramseier stated that in the afternoon after
11 he made the contributions, Dr. Pedram Salimpour approached him in the hotel lobby, and gave
12 him an envelope, containing a personal check from Valdez in the amount of \$4,600. Ramseier
13 thought Melody may have been present at the time. Melody stated that later that afternoon or
14 evening, while he was speaking to Ramseier in the hotel lobby, Salimpour gave him a sealed
15 envelope containing a personal check from Valdez. Chavez recalled Deng giving her an
16 envelope with \$2,300 in cash in it from Valdez before leaving the conference. Although Valdez
17 maintained that he only made reimbursements to the employee conduit respondents, Deng stated
18 in his interview that Valdez personally reimbursed him in the lobby of the hotel, by personal
19 check, either that day or the next. It was not until Deng received his credit card bill that he
20 realized the charge for the \$2,300 contribution had not gone through. Deng did not recall giving
21 Chavez an envelope with cash in it, but confirmed he told the WellPoint investigators that if
22 Chavez said he did, he probably did, and thinks he may have passed her the envelope without
23 knowing its contents.

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1 Deng, who no longer works for WellPoint, said the only other time he spoke of the events
2 surrounding the reimbursements was when he was questioned by WellPoint's investigators.
3 Ramseier stated that he called his wife while at the conference to tell her about the contribution,
4 and also spoke to Melody about his discomfort with the contribution and the reimbursement, but
5 has not spoken to anyone else except the WellPoint investigators and his counsel. Ramseier
6 stated that Valdez contacted him in October 2007, but that Ramseier told him they should not be
7 speaking. Similarly, Melody reported that a few weeks after WellPoint placed Valdez on
8 administrative leave, Valdez called him to ask what WellPoint was questioning him about
9 regarding the incident. Melody maintained that he told Valdez it was inappropriate for them to
10 speak. Chavez said she has not spoken to anyone about the reimbursement except for her
11 counsel and the WellPoint investigators.

12 Each of the employee conduits and Deng acknowledge that RGPC returned their
13 contributions.¹ Ramseier said that he mailed a \$4,600 check to Valdez, Chavez said she sent
14 Valdez a cashier check, and Deng said that he sent the money back to Valdez. Melody
15 remembers receiving the check and cashing it, but did not mention returning it to Valdez. In
16 addition to interviewing Deng and the employee conduit respondents, we contacted counsel for
17 the RGPC to clarify Valdez's role as an authorized fundraiser. Counsel reiterated that in order
18 for Valdez to receive his fundraising tracking number from the RGPC, he was required to sign a
19 statement acknowledging that he received and read the campaign finance materials provided by
20 the campaign, which included information regarding contribution limits and stated that
21 contributions must be made from personal funds. Counsel was unable to locate the statement

¹ Since the RGPC never reported receiving a contribution from Deng, it is unlikely that RGPC returned his contribution. Accordingly, even if reimbursed, since Deng never made a fully executed contribution, we are not recommending that he be generated as a respondent or that Valdez's violations include a reimbursed contribution in Deng's name.

1 Valdez signed because most of RGPC's documents are in an inaccessible storage facility, but
2 provided us with a document distributed to authorized fundraisers entitled "Highlights of Major
3 Rules." The document lists individual and PAC contribution limits and states, among other
4 things, "[i]t is illegal to give money in the name of another (no bonus to employees for political
5 contributions...)." Counsel also provided us with a copy of the donor card Valdez signed at the
6 May 1, 2007 event on behalf of himself and his wife, for a \$4,600 contribution. The card states,
7 in relevant part:

8 "[t]his contribution to the Rudy Giuliani Presidential
9 Committee, Inc. made by check or credit card *represents*
10 *my/our personal funds*, is not drawn on an account
11 maintained by an incorporated entity and I have read this
12 form." [Emphasis added]

13
14 "The maximum an individual may contribute is \$2,300 per
15 election, with the primary and general elections treated
16 separately. As a result, any initial contribution up to \$2,300
17 is designated for the primary and any additional amount is
18 designated for the general, up to a total of \$4,600 per
19 person. A couple may contribute \$9,200, designated per
20 person in accordance with the proceeding sentence.
21 Federal multi-candidate PACs may contribute \$5,000 for
22 the primary and \$5,000 for the general."
23

24 Valdez's donor card features his name as "solicitor" and his RGPC tracking number.

25 Counsel also provided the donor cards that each of the employee conduit respondents
26 filled out at the event. Ramseier's, Melody's and Chavez's cards appear to have had their
27 names, the amount of their contributions, Valdez's name as solicitor, and Valdez's tracking
28 number pre-written on the cards, as the handwriting is different and both Melody and Chavez
29 confirmed that they did not fill out those portions of the form.

30 Finally, because large inconsistencies with Valdez's version remained after the
31 interviews with Deng and the employee conduit respondents, we interviewed Valdez. Valdez

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1 said he became an authorized fundraiser sometime before the May 1st event and recalled the
2 RGPC sending him a tracking number via e-mail. Valdez does not recall receiving any other
3 instructions or materials from the campaign and maintains he never saw the "Highlights of Major
4 Rules" document provided to us by RGPC. Valdez informed us that he had worked on former
5 President Bush's campaigns in 2000 and 2004, and served as a Department of Health and Human
6 Services Regional Director, a political appointment, in the Bush administration, but had not been
7 a fundraiser before working with RGPC.

8 He stated that he found out about the May 1st event about one month beforehand and gave
9 RGPC a verbal commitment that he would raise \$20,000 for the event. He invited Ramseier and
10 Melody to attend as a "treat" because they were big Giuliani fans, and he also invited Deng, who
11 he knew supported Giuliani, but did not invite Chavez. He maintained that at that time, he was
12 not aware of any contribution requirements for attendance, and thought that he could invite
13 whomever he liked, as long as he raised the \$20,000 he committed.

14 In his interview, Valdez again denied that he asked Ramseier, Melody, and Chavez to
15 contribute, that he personally promised reimbursement and that he reassured them it was
16 permissible. Even after being informed of the interview statements of the employee conduit
17 respondents and Deng, Valdez denied the accuracy of their accounts. Valdez stated that when
18 the conference broke for lunch at 12:00 noon, he gave a \$15,000 personal check, two other
19 contribution checks that he had collected for the RGPC fundraiser and some blank donor cards to
20 Deng and asked him to give them to RGPC. Valdez went to his hotel room because he was not
21 feeling well. He returned to the conference area, which was on the same floor of the hotel as the
22 RGPC fundraiser, at approximately 12:25 p.m., in a rush to attend the RGPC fundraiser
23 scheduled to begin at 12:30 p.m. Outside the room for the fundraiser, he encountered Deng, who

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1 informed him that RGPC would not accept the \$15,000 personal check. Deng told him he had
2 taken care of it by asking the WellPoint employees to contribute, and he promised them that
3 Valdez would reimburse them for the contributions. Valdez said he did not have time to
4 contemplate or discuss the matter further with Deng because he was already running late, and he
5 went directly into the fundraiser. Valdez does not remember speaking to or seeing Ramseier,
6 Melody or Chavez outside the room prior to the event but remembers them being inside the room
7 for the fundraiser. Valdez stated he does not know why Deng asked the other WellPoint
8 employees to make the contributions and promised that Valdez would reimburse them. He
9 stated, however, that everyone was aware that he had a goal to meet for the fundraiser.

10 Valdez said that the \$15,000 personal check that he attempted to give to RGPC was the
11 balance of the \$20,000 he had committed for the event, and was unable to raise from other
12 donors, but that it did not include his and his wife's \$4,600 contribution. Valdez said that he
13 remembers filling out the donor card for his and his wife's contribution one or two days before
14 the event, and acknowledged that he understood an individual could give \$2,300 per election, as
15 stated in his response. When asked why he attempted to make the \$15,000 contribution, in light
16 of his knowledge of contribution limits, he said that the language on the bottom of the donor card
17 confused him as to the amounts a PAC could contribute, and the amounts one could give for the
18 primary and general elections. After pointing out to him that the \$15,000 plus the \$4,600
19 contribution he and his wife made exceeded all the limits listed on the donor card (\$9,200 for
20 couples and \$10,000 for PACs), he responded that this was his first fundraiser, he was
21 overwhelmed at the time with work, and was focused on meeting his \$20,000 goal, which "drove
22 everything." Valdez maintains that he did not help or monitor the WellPoint employees fill out
23 the donor cards for their contributions and that Deng must have provided them with his,

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1 Valdez's, tracking number, as it was in the pile of checks and donor cards that he had given to
2 Deng.

3 Valdez stated he believes that WellPoint induced the employees to make their statements
4 about the events leading up to the reimbursements. Valdez said he had a disagreement with
5 WellPoint regarding the termination of his employment, which was a result of the
6 reimbursements, and he told us that a confidential negotiated settlement resolved their
7 differences. He would not discuss any specifics of the disagreement or settlement.

8 Regarding the reimbursements, Valdez admitted reimbursing Ramseier, Melody and
9 Chavez, and stated he felt that it was the "right thing to do" since Deng had promised that he,
10 Valdez, would reimburse them. Valdez said he would have never personally promised
11 reimbursement, but also acknowledged that he could have refused to make the reimbursements.
12 To reimburse Ramseier and Melody, he gave two personal checks to his friend, Dr. Pedram
13 Salimpour, because he wanted to "take care of it right away" and knew Salimpour would see
14 Ramseier and Melody later that evening at an event that Valdez was not attending. Valdez
15 confirmed, however, that he was staying in the same hotel as the WellPoint employees, and
16 though he would see them at the conference the next day, he said he "wasn't thinking of it that
17 way" when he gave the reimbursement checks to Salimpour.²

18 Valdez said he reimbursed Chavez with \$2,300 in cash because he wanted to make sure
19 she had the reimbursement funds right away, since she was a lower level employee and he was
20 not sure she could cover the contribution. He explained that he had a large sum of cash with him
21 because he was intending to purchase souvenirs at the White House Gift Shop, including a brief
22 case with the White House emblem, but instead gave the cash to Chavez. He said he does not

² We attempted to contact Dr. Pedram Salimpour to interview him regarding the events in question, but were unable to reach him.

1 remember why he chose to give Chavez's reimbursement to Deng, but he speculated that he gave
2 it to Deng because Deng was Chavez's direct supervisor. Valdez could not identify a reason
3 why he did not give it to Salimpour with the reimbursements for Ramseier and Melody, as all of
4 the individuals being reimbursed were scheduled to be at the same event that evening. Valdez
5 said he does not remember reimbursing Deng, but was aware that Deng tried to make a
6 contribution, and had a problem with his credit card.

7 Valdez stated that he "literally forgot" about the reimbursements and did not speak about
8 them to anyone after they took place, with the exception of a possible conversation with Deng.
9 Valdez remembers receiving personal checks from Ramseier and Melody, and a cashier's check
10 from Chavez, accompanied by identical letters, after he was let go from WellPoint but does not
11 remember receiving any funds from Deng.

12 **C. Valdez knowingly and willfully violated 2 U.S.C. §§ 441(f) and 441a(a)**

13 Discrepancies remain between Valdez's version and Deng's version of the events leading
14 up to the reimbursements. Valdez maintains that he never personally asked the employee
15 conduit respondents to make contributions or personally told them that he would reimburse them,
16 but that Deng had done so. Deng says he does not recall asking for contributions, and denies
17 discussing reimbursement. The employee conduit respondents, on the other hand, all say that
18 both Deng and Valdez asked for contributions, and Valdez personally told each of them he
19 would reimburse them. Everyone involved confirmed that Valdez reimbursed the employee
20 conduit respondents and spouses.

21 While we do not know exactly what happened due to the inconsistent accounts of the
22 events, we tend to credit the statements made by the employee conduit respondents for the
23 following reasons. Their interview statements are consistent with what they told the WellPoint

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1 investigators, and with their responses to the complaint, with the exception that they did not
2 initially provide statements concerning Kenny Deng. Moreover, their interview statements were
3 substantially similar to each other regarding several details, including the location of where the
4 solicitations took place, the last-minute notification that contributions were required to meet with
5 Giuliani, the presence of a table where they signed forms, and that the forms had some
6 information pre-written on them. In addition, both Deng and Chavez recalled hearing
7 Ramseier's protests. The employee conduits stated that they had not discussed their versions of
8 the events with each other. While Valdez speculates that WellPoint asked the employee conduit
9 respondents to make the statements incriminating him, we have no other information that
10 suggests that occurred. By the time WellPoint _____, it had
11 already terminated Valdez and disciplined Ramseier, Melody, Deng and Chavez.

12 The knowing and willful standard requires knowledge that one is violating the law. *See*
13 *Federal Election Commission v. John A. Dramei for Congress Committee*, 640 F. Supp. 985,
14 987 (D. N.J. 1986). A knowing and willful violation may be established "by proof that the
15 defendant acted deliberately and with knowledge that the representation was false." *United*
16 *States v. Hopkins*, 916 F.2d 207, 214 (5th Cir. 1990). The available information indicates that
17 Valdez attempted to make a \$15,000 contribution to RGPC by personal check to meet his

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1 \$20,000 fundraising goal.³ RGPC rejected the \$15,000 contribution and advised that each
2 attendee was required to make an individual contribution. Valdez generally knew the
3 contribution limits on individuals and that he and his wife had already contributed \$4,600 to the
4 RGPC. Nonetheless, Valdez reimbursed the employees \$11,500 in contributions with his
5 personal funds, although he acknowledged he could have declined to do so.

6 While Valdez maintains that he received no training or education concerning federal
7 campaign finance laws, he "possessed a general understanding that he was allowed to contribute
8 up to \$2,300 on his own behalf to a primary election, as well as \$2,300 for his spouse, and
9 another \$2,300 for a general election, plus \$2,300 for his spouse," and he signed a donor card to
10 that effect, which also confirms that the contributions were to be made from personal funds.

11 Response at 2. Valdez initially stated in his interview that he was confused by the limits listed
12 on the donor card, but upon further questioning, he said that this was his first fundraiser, he was
13 under pressure at work, and his \$20,000 goal drove his actions. Moreover, the limits on the
14 donor card applicable to PACs obviously had no application to the excessive contributions he
15 planned to make from his personal funds. Further, despite Valdez not recalling receipt of
16 campaign materials from RGPC, it is likely that RGPC followed its usual practice of requiring
17 Valdez to sign a statement acknowledging that he received and read the campaign finance
18 materials provided by the campaign, which included information regarding contribution limits,

³ RGPC's records do not corroborate Valdez's explanation that the \$15,000 personal check was the balance of his \$20,000 pledge to RGPC. Valdez said in his interview that the two contribution checks that he gave to Deng to give to RGPC, in addition to the \$15,000 check, were from Denny Weisgerber and Pejman Salimpour. According to RGPC's Amended July 2007 Quarterly Report, Dr. Pejman Salimpour and his wife, Daphna Salimpour, each contributed \$2,300, and Mr. Weisgerber contributed \$1,000. These contributions, added to the \$15,000 check, total \$20,600, which would have exceeded Valdez's \$20,000 fundraising commitment to RGPC by \$600. If the \$4,600 contribution by Valdez and his wife were added to the total, the contributions would exceed \$20,000 by \$4,900. RGPC attributed a total of 14 contributions to Valdez for this fundraiser, five of which were from the WellPoint employees and spouses and two of which were from Valdez and his wife. While we do not know the contributors of the remaining seven contributions, Dr. and Mrs. Salimpour and Mr. Weisgerber likely account for three of the contributions, leaving four additional contributions that, when added to the \$15,000 check and the rest of the contributions discussed *supra*, would have substantially exceeded Valdez's \$20,000 goal.

1 stated that contributions must be made from personal funds, and explicitly stated that it is illegal
2 to give money in the name of another, before he could receive his fundraising tracking number
3 from RGPC. Valdez took credit, as the solicitor, for 14 contributions to the RGPC, including
4 those by the employee conduit respondents and spouses, and his and his wife's contributions, all
5 within permissible limits.

6 Moreover, although the RGPC event was the first he hosted as an authorized fundraiser,
7 Valdez was an experienced political contributor, having given \$9,940 to federal candidates and
8 PACs since 2000, all within permissible limits. Based on Valdez's understanding of contribution
9 limits, the other contributions he solicited for the RGPC event, his contribution history, the donor
10 card that he signed, RGPC's rejection of his \$15,000 contribution check, its direction that each
11 attendee must make an individual contribution, and Valdez's acknowledgment that he could have
12 declined to reimburse the WellPoint employees, the evidence shows Valdez knew that his
13 reimbursing contributions and contributing his own funds in excess of the contribution limits was
14 impermissible. Thus, Valdez knowingly and willfully violated sections 441f and 441a(a) of the
15 Act.

16 In addition, an inference of a knowing and willful act may be drawn "from the
17 defendant's elaborate scheme for disguising" his or her actions. *United States v. Hopkins*, 916
18 F.2d at 214-215. Valdez did not personally deliver the reimbursement to any of the employee
19 conduit respondents. Rather, he put checks in envelopes for Ramseier and Melody, and asked
20 his friend, Dr. Pedram Salimpour, to deliver them, and put cash in an envelope, and asked Deng
21 to deliver it to Chavez. Valdez's explanation for giving the checks to Salimpour was that he
22 "wanted to take care of it right away." Valdez acknowledged, however, that he was staying in
23 the same hotel as the conduit respondents. As for why he gave Chavez's cash reimbursement to

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1 Deng instead of Salimpour, despite the fact that all of the individuals involved were attending the
2 same event that evening, he only speculated that he gave it to Deng because Deng was Chavez's
3 supervisor.

4 As to Chavez's reimbursement in cash, Valdez explained that he wanted Chavez to have
5 the funds right away since she was a lower level employee, and that he had a large amount of
6 cash with him. Valdez's explanation for having \$2,300 cash on hand, to buy souvenirs, however,
7 seems odd given the availability of checks, credit cards and ATMs that could be used to purchase
8 souvenirs, and raises the question whether he paid Chavez in cash to avoid creating a paper trail
9 with respect to an employee that he did not directly supervise. Valdez's failure to personally
10 deliver the reimbursements when he was in close proximity to the individuals at the hotel, his
11 asking two different individuals to deliver the reimbursements, and his cash payment to Chavez,
12 point toward him "disguising his actions." At a minimum, Valdez never informed RGPC about
13 the true source of the \$11,500, which disguised the true source of the funds. _____
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15 _____

16 **D. Conduit Respondents**

17 The Commission has not made reason to believe findings as to any of the conduit
18 respondents. Ramseier, Melody, and Chavez made contributions to RGPC with the
19 understanding that Valdez would reimburse them, and accepted reimbursement for their
20 contributions. Accordingly, they knowingly permitted their names to be used to effect
21 contributions in the name of another, in violation of 2 U.S.C. § 441f. However, none of them
22 have made any other contributions to federal candidates and maintain that they only participated
23 in the reimbursement scheme based on the request of their direct or indirect supervisor Valdez,

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1 who made assurances that it was permissible. All three cooperated with the investigation in this
2 matter. At the reason to believe stage, pending our investigation, we recommended that the
3 Commission take no action at this time regarding the employee conduit respondents. The
4 investigation revealed no information indicating that they were willing contributors or
5 orchestrators of the scheme. Accordingly, in view of the Commission's past practice of not
6 pursuing cooperating employee conduits who made contributions based on the promise of
7 reimbursement by their superiors, we recommend that the Commission take no action and close
8 the file as to them. *See, e.g.,* MURs 5504 (Karoly), 5927 (Solomon), 5871 (Noe) and 5849
9 (Bank of America). We also recommend that the Commission take no action and close the file as
10 to spouses Janie Ramseier and Joan Melody, who were not personally involved in the events that
11 led to the reimbursements. *See* MUR 5504 (Karoly) (Commission took no action as to
12 reimbursed spouses) and MUR 5765 (Crop Production Services, Inc.) (Commission found reason
13 to believe spouses violated section 441f, but took no further action due to their limited role).

14 **E. WellPoint and the Rudy Giuliani Presidential Committee**

15 WellPoint and RGPC were never generated as respondents in this matter. At the reason
16 to believe stage, we recommended that the Commission take no action as to them, pending our
17 investigation. No evidence emerged from the investigation indicating WellPoint's funds were
18 used to reimburse contributions or that either WellPoint or RGPC were involved in any way in
19 the reimbursement scheme, or had knowledge that it occurred until WellPoint began its internal
20 investigation. Once learning of it, WellPoint conducted an investigation, discharged Valdez,
21 disciplined the employee conduits and Deng, and contacted RGPC and the Commission. The
22 Commission has previously declined to take action against similarly situated entities in past
23 matters involving contributions in the name of another. *See* MUR 5092 (Lazaroff) (Commission

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1 took no action as to Lazaroff's law firm because the firm cooperated, firm funds were not used,

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Within a few

4 days of learning of the alleged scheme, RGPC terminated Valdez as an authorized fundraiser,

5 returned the contributions of Valdez, his wife and the alleged conduits, contacted other donors

6 who contributed through Valdez to ensure they were not conduits and notified the Commission.

7 Therefore, there is no reason to generate WellPoint or RGPC as respondents or to take any other

8 action regarding them.

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V. **RECOMMENDATIONS**

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3. Close the file as Mike Ramseier, Janie Ramseier, Steve Melody, Joan Melody, and Rosario Chavez.
4. Approve the appropriate letters.

Thomasenia P. Duncan
General Counsel

Date 3-3-10

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